

VERMONT PUBLIC POWER SUPPLY AUTHORITY

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September 3, 2009

Susan M. Hudson, Clerk
Vermont Public Service Board
112 State Street, Drawer 20
Montpelier, VT 05620-2701

re: dockets 7523 and 7533
Implementation of Standard Offer Prices for
Sustainably Priced Energy Enterprise Development
("SPEED") Resources

Dear Mrs. Hudson:

The Group of Municipal Electric Utilities ("GMEU")¹ submits the following comments related to the Cost Analysis subgroup's filing of August 28, 2009. These comments are not intended to constitute a waiver of any issues previously raised by GMEU relative to implementation of the Vermont Energy Act of 2009 ("the Act"). Indeed, the breadth of information offered to the Cost Analysis subgroup, and the lack of procedural opportunity for parties (and the Board) to weigh and evaluate that information through a more formal hearing process, underscore the GMEU's concern that docket 7523 must be limited to the preliminary review of the rates set forth in the Act, and nothing else.

GMEU has reviewed the materials filed by the cost analysis subgroup, and echoes concerns raised by others (particularly Central Vermont Public Service Corporation and Burlington Electric Department) surrounding both the differences between cost information provided by the various participants and the risks that higher than necessary prices may result from use of some of that information. While the group did a tremendous amount of work in a short time and should be commended for its efforts, it is difficult to conclude from the wide array of numbers included in the report which, if any,

¹ Barton Village, Inc. Electric Department, Village of Enosburg Falls Water & Light Department, Town of Hardwick Electric Department, Village of Hyde Park, Inc. Electric Department, Village of Jacksonville Electric Company, Village of Johnson, Inc. Water & Light Department, Village of Ludlow Electric Light Department, Village of Lyndonville Electric Department, Village of Morrisville Water & Light Department, Northfield Electric Department, Village of Orleans, Inc. Electric Department, Town of Readsboro Electric Light Department, Swanton Village, Inc. Electric Department

of those numbers represent fair and realistic costs for eligible renewable projects. Given that Vermont ratepayers will ultimately pay for the power, GMEU agrees that care should be taken to assure that the most cost effective resources are brought on line, and that Vermont electric consumers are not paying unduly high rates for the renewable power. Under the Act, the generic costs and equity rates of return are to be adjusted "as the board determines to be necessary to ensure the price provides sufficient incentive for the rapid development and commissioning of plants and **does not exceed the amount needed to provide an incentive.**" 30 V.S.A. § 8005(b)(2)(B)(i)(III) (emphasis added).

GMEU is concerned that the values shown in the report are higher than necessary to achieve the Act's goal of rapid development of renewable power resources, and agrees with Burlington Electric's assertions that (1) prudence dictates the use of conservative cost estimates where long term commitments are being considered, and (2) the rates under the Act should start conservatively, and only increase in the event that increases are proven necessary to incentivize development, in order to spare Vermont ratepayers any unnecessary burden.

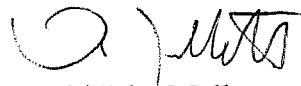
GMEU recommends keeping the costs to the lowest level when considering the prices set in the law and the findings of the Cost Analysis subgroup as reported in its report. If after implementation the Board finds that the numbers are not yielding satisfactory deployment of resources, adjustments can be made at that time. Through this approach, the state can achieve timely and lawful implementation of the Act while not overpaying for resources. Should the initial rates prove too low and the resulting pace of renewable resource deployment too slow with respect to any technology encompassed by the Act, the Board can increase the rates for that technology. If the price is set too high, however, the adverse consequence of that result will rest on the shoulders of Vermont ratepayers, especially those without means to develop projects on their own, for the life of the many contracts that will be entered into under the Act

Thank you for this opportunity to comment.

Sincerely,



Patricia H. Richards



David John Mullett